

Message Text

LIMITED OFFICIAL USE

PAGE 01 COLOMB 02334 190622Z
ACTION NEA-11

INFO OCT-01 ISO-00 EB-08 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 /035 W
-----031939 192039Z /46
R 181100Z MAY 78
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 407

LIMITED OFFICIAL USE COLOMBO 2334

E.O. 11652: N/A
TAGS: EAIR, CE
SUBJECT: AIR CEYLON INTERNATIONAL

REF: (A) STATE 110597, (C) COLOMBO 1587, (C) COLOMBO 2059,
(D) COLOMBO 2109

1. ON MAY 16, ECON OFFICE WAS VISITED BY MR. CLAUDE HUTT, DIRECTOR, OVERSEAS MANAGEMENT AND TECHNICAL ASSISTANCE, HUGHES AIRWEST, AND MR. T.B. ELANGASINHA, LOCAL AGENT FOR HUGHES AIRWEST. MR. HUTT, WHO HAD INFORMED THAT AMBASSADOR PREVIOUSLY OF HIS FIRM'S INTEREST IN COLLABORATING WITH AIR CEYLON ON INTERNATIONAL SERVICE, CALLED AT THE EMBASSY TO REPORT THAT A MEMBER OF THE GOVERNMENT OF SRI LANKA (GSL) SELECT COMMITTEE ON AIR SERVICE HAD INFORMED HIM THAT THE LIST OF PROPOSALS BEING CONSIDERED BY THE COMMITTEE HAD NOW BEEN REDUCED TO FOUR OR FIVE, HUGHES ARIWEST AMONG REMAINING CON- TENDERS BUT THOUGHT THAT PROPOSALS BY SINGAPORE AIRLINES, LUFTANSA, AND AIR CANADA WERE STILL BEING CONSIDERED. HUFF STATED THAT THE COMMITTEE MBEMBER WITH WHOM HE SPOKE REQUESTED A WRITTEN STATEMENT FROM AIRWEST INDICATING THEIR WILLINGNESS TO INVEST CAPITAL IN THE VENTURE, IF THE STUDIES WERE FAVORABLE,SINCE HUGHES AIRWEST PROPOSAL DID NOT GO BEYOND PROVIDING THE FEASIBILITY STUDY FOR AIR CEYLON. HUTT INDICATED THAT HE WOULD COMPLY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COLOMB 02334 190622Z

2. ON MAY 17, EMBOFF CONTACTED J. LANEROLLE OF SUBJECT COMMITTEE. LANEROLLE STATED THAT IT WAS NOT QUITE ACCURATE TO SAY THAT THE LIST OF PROPOSALS REMAINING UNDER CONSIDERATION TOTALLED LESS THAN SIX. RATHER, FIVE OR SIX WERE BEING LOOKED AT MORE CLOSELY THAN THE OTHERS BUT MOST OTHERS HAVE NOT BEEN RULED OUT. WHEN

ASKED IF AMERICAN FIRMS WERE AMONG THE FIVE OR SIX, LANEROLLE DID NOT ANSWER DIRECTLY. HE STATED THAT SEVERAL US FIRMS HAD SUBMITTED LIMITED PROPOSALS FOR THE SALE OF AIRCRAFT AND OTHERS TO PROVIDE CONSULTANT SERVICES. HOWEVER, AIR CEYLON IS INTERESTED IN COLLABORATING WITH A LARGE AIRLINE THAT WOULD SUPPLY AIRCRAFT, EXPERTISE AND FINANCING. HE ADDED, "TO PURCHASE USED AIRCRAFT, OR TO HIRE CONSULTANTS ON AN INDIVIDUAL BASIS WOULD BE TO RETURN TO THE MESS WE HAVE JUST LEFT."

3. LANEROLLE WENT ON TO SAY THAT TWA HAD SUBMITTED A PROPOSAL SOME TIME BACK TO AIR CEYLON WHICH IN HIS OPINION CLOSELY RESEMBLED THE TYPE OF COLLABORATION AIR CEYLON IS NOW SEEKING. HOWEVER, TWA DID NOT RESPOND TO THE MORE RECENT INVITATION FOR PROPOSALS. MR. LANEROLLE STATED THAT HIS COMMITTEE WILL BE CONTACTING TWA TO LEARN WHETHER THEY WOULD BE INTERESTED IN COLLABORATING ON A VENTURE SIMILAR TO THEIR EARLIER PROPOSAL.

4. LANEROLLE ALSO STATED THAT PAN AMERICAN AIRWAYS HAD SUBMITTED A LIMITED PROPOSAL AND HE WONDERED IF PAN AM WOULD BE INTERESTED IN AN AGREEMENT OF A BROADER NATURE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COLOMB 02334 190622Z

5. LANEROLLE STATED THAT IN HIS OPINION AIR CEYLON NEEDED A FOREIGN COLLABORATOR WHO WOULD BE WILLING TO SETTLE FOR A 49 PERCENT INTEREST, COULD SUPPLY AIRCRAFT, EXPERTISE AND MANAGERIAL TALENT, AND WHO WOULD BE WILLING TO PERFORM STUDIES NECESSARY TO UNDERTAKE A VERY BROAD AND EFFECTIVE AIR SERVICE PROGRAM. HE EMPHASIZED THAT IT WAS HIS PERSONAL OPINION THAT AMERICAN OR OTHER NON-EUROPEAN AIRLINES WOULD BE BETTER SUITED AS AIR CEYLON COLLABORATORS. HE REASONED THAT ASIAN OR EUROPEAN AIRLINES WERE COMPETING FOR THE SAME AIR ROUTES THAT THE NEW AIR CEYLON ORGANIZATION WOULD SERVICE AND THIS WOULD CAUSE INTERNAL CONFLICTS THAT THE GSL WISHED TO AVOID.

6. CONVERSATION ENDED WITH LANEROLLE STATEMENT THAT THE COMMITTEE WILL ACCEPT AND CONSIDER PROPOSALS WHICH OFFER THE BROAD RANGE OF PARTICIPATION DISCUSSED IN PARA 5 ABOVE, ALTHOUGH OFFICIAL INVITATION PERIOD HAS PASSED.

7. EMBASSY IS IMPRESSED BY THE SERIOUSNESS WITH WHICH THE JAYEWARDENE GOVERNMENT IS TACKLING THIS PROBLEM

AND RECOMMENDS THAT INTERESTED US FIRMS BE INFORMED
PROMPTLY THAT PROPOSALS MEETING REQUIREMENTS DISCUSSED
PARA 5 STILL BEING ACCEPTED BY AIR CEYLON SELECT
COMMITTEE. EMBASSY WOULD APPRECIATE BEING INFORMED
WHICH US FIRMS HAVE OR INTEND TO SUBMIT SUCH PROPOSALS.
WRIGGINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978COLOMB02334
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780212-0048
Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780546/aaaabmrz.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 52d2309b-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 110597, 78 COLOMBO 1587, 78 COLOMBO 2059, 78 COLOMBO 2109
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2654950
Secure: OPEN
Status: NATIVE
Subject: AIR CEYLON INTERNATIONAL
TAGS: EAIR, CE, AIR CEYLON
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/52d2309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014